



FINANCE COMMITTEE

NOVEMBER 2, 2009

MINUTES

I. CALL TO ORDER

Chair Nancy Backus called the meeting to order at 6:30 p.m. in the Council Conference Room at Auburn City Hall, located at 25 West Main Street in Auburn. Chair Backus, Vice Chair Bill Peloza and Member Lynn Norman were present. Present during the meeting were Mayor Peter B. Lewis; Councilmember Rich Wagner; City Attorney Daniel B. Heid; Finance Director Shelley Coleman; Human Resources/Property and Risk Management Director Brenda Heineman; Human Services Manager Michael Hursh; Grant Consultant Michael Wilson, Consultant Paul Breckenridge; and Deputy City Clerk Cathy Richardson.

II. CONSENT ITEMS

A. Approval of Minutes

1. Minutes of the October 19, 2009 Finance Committee meeting.

Vice Chair Peloza moved and Member Norman seconded to approve the October 19, 2009 minutes.

MOTION CARRIED UNANIMOUSLY. 3-0.

B. Vouchers

1. Claims

F4.9.5

Claims check numbers 389697 through 390054 in the amount of \$2,601,966.56 and dated November 2, 2009.

2. Payroll

F4.9.2

Payroll check numbers 527550 to 527641 in the amount of \$303,060.97 and electronic deposit transmissions in the

amount of \$1,161,775.72 for a grand total of \$1,464,836.69 for the pay period covering October 15, 2009 to October 28, 2009.

Committee members reviewed the consent items and briefly discussed claim vouchers 389697, 389724, 389733, 389762, 389768, 389791, 389801, 389806, and 389888.

Vice Chair Pelosa moved and Member Norman seconded to approve the vouchers.

MOTION CARRIED UNANIMOUSLY. 3-0.

III. ORDINANCES AND RESOLUTIONS

A. Ordinances

There was no ordinance for Committee consideration.

B. Resolutions

1. Resolution No. 4537

F4.6.1

A Resolution of the City Council of the City of Auburn, Washington, declaring certain items of property as surplus and authorizing their disposal

Vice Chair Pelosa moved and Member Norman seconded to recommend approval of Resolution No. 4537.

MOTION CARRIED UNANIMOUSLY. 3-0.

IV. DISCUSSION ITEMS

A. Resolution No. 4539

A Resolution of the City Council of the City of Auburn, Washington, authorizing the Mayor to submit an application to the U.S. Department of Housing and Urban Development for a Section 108 Loan to assist in the funding of the new Community Center at the Les Gove Park Campus

(This item was discussed after Item IV.B of these minutes.)

Grant Consultant Michael Wilson distributed a budget handout related to the Community Center project, an overview of terms

related to New Market Tax Credits (NMTC), and an overview of NMTC provided by Consultant Paul Breckenridge.

Mr. Wilson reviewed the funding sources budget document. There are two funding sources that are critical for the success of this project including the HUD Section 108 loan of approximately \$2 million and New Market Tax Credits revenue of approximately \$3.5 million. Mr. Wilson gave a brief overview of the timeline involved for obtaining the HUD Section 108 loan and additional collateral that may be required by HUD in securing the loan.

Mr. Wilson invited Mr. Breckenridge of Breckenridge Consulting Services to review the New Market Tax Credits.

Mr. Breckenridge reviewed the NMTC program which was created in year 2000 as part of the Community Renewal Tax Relief Act in an effort to attract private investment into low income communities. The program has evolved over time to include a sub-set of the NMTC industry which focuses on community facilities such as the Community Center project. The U.S. Treasury allocates about \$2 billion in NMTC's annually via the Community Development Finance Institution (CDFI) Fund to Community Development Entities (CDE's). The CDE's are groups that are experts in how to place private investment into low income communities. The CDE's sell the NMTC's to private investors who pay approximately seventy cents on the dollar. The result of the sale of credits is approximately \$1.4 billion in NMTC equity. The CDE's then allocate the NMTC equity to qualified projects around the country. Ninety CDE's received such awards in 2009.

Mr. Breckenridge explained that to qualify for the NMTC's, the project must be a qualifying use, such as a community facility, in a qualifying census tract. Mr. Breckenridge referred to page three of his handout and reviewed similar projects that he has worked on in the past.

In response to questions from Vice Chair Pelosa, Mr. Wilson explained that negotiations to fund a portion of costs for the Activity Center are ongoing with the Auburn Boy's and Girl's Club. The cost for the Activity Center is estimated at approximately \$3.8 million and the City is requesting that the Auburn Boy's and Girl's Club fund \$1.9 million.

B. Resolution No. 4541

O3.4.1.7

A Resolution of the City Council of the City of Auburn, Washington, adopting the Consolidated Plan for years 2010 to 2014 and the 2010 Annual Action Plan

Vice Chair Pelosa noted various scrivener errors requiring correction.

In response to questions from Vice Chair Pelosa related to statistics, Human Services Manager Hursh explained that it is very difficult to gather statistics from other jurisdictions. The last census was performed in 2000 and those numbers are easily quantified by King County. Due to the recent annexations, the 2010 census will result in an increase in the City's formulary allocation in 2012.

Member Norman suggested adding a footnote explaining the data on the statistics.

Committee Members reviewed Resolution No. 4541 including the housing repair program, Annual Action Plan, contingency plan, and associated risk factors for changes in funding.

C. 2010 Budget

Finance Director Shelley Coleman distributed a memorandum on the 2010 mid-term budget correction and reviewed the 2009-2010 Biennial Budget revenues as originally adopted, 2010 proposed budget amendments, and the differences from original projections. Director Coleman also reviewed expenditures. More information will be forthcoming to determine how to address the budget deficit.

Mayor Lewis indicated that more information will be provided to all Councilmembers and a special meeting of the City Council will be conducted on Thursday, November 5, 2009 at 5:30 p.m. in order to address property tax collections in 2010.

Director Coleman distributed draft Ordinance No. 6274 and draft Resolution No. 4542. Director Coleman reviewed the decimation of the General Fund revenue receipts and reported that expenditures have been cut to the bare essentials. The property tax ordinance must be adopted prior to the end of November as required by State law. The draft property tax ordinance contemplates an approximate 1% increase in the base levy over 2009 collections

which would result in collection of approximately \$129,644. Since the Implicit Price Deflator (IPD) was a negative number this year, to increase the base levy there must be a finding of substantial need in order to exceed the IPD. Draft Resolution No. 4542 makes a declaration of substantial need for the purpose of setting the limit factor for the property tax levy for 2010. All of the distributed materials will be reviewed in detail at the upcoming special City Council meeting.

D. New Market Tax Credits

See Item V.B of these minutes for discussion on New Market Tax Credits.

VI. ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 7:28 p.m.

APPROVED THE _____ DAY OF NOVEMBER 2009.

Nancy Backus, Chair

Cathy Richardson, Deputy City Clerk